

FINANCIAL MANAGEMENT SERVICE (FMS)

General Description:

Self-Administered Services offer an alternative to Provider Agency Services by allowing persons with mental retardation or related conditions, brain injury, or physical disabilities ("Persons") and their families to hire, train, and supervise employees to provide direct services. Pursuant to Federal law pertaining to Home and Community Based Services waivers (Title 42, Code of Federal Regulations), payment for services rendered under the Self-Administered Services (SAS) method may be effected only by utilizing the services of a Financial Management Service ("fiscal agent") intermediary. Although waiver enrollees may receive any service offered within each of the applicable waiver programs in which they are enrolled, only those persons with disabilities the Support Coordinator has determined to be qualified for the following services may elect to participate in the Self-Administered Services method for the procurement of these services.

<u>MR.RC Waiver</u>	<u>Service Code</u>
Chore Services (Individual)	CH1
Companion Services	CO1
Family Training and Preparation Services	TF1, TFA
Family and Individual Training and Preparation Svcs.	TF2, TFB
Homemaker Services (Individual)	HS1
Personal Assistance Services	PA1
Personal Budget Assistance	PB1
Respite Care (Parent Managed)	RP1
Respite Care (Parent Managed)	RP6
Supported Living	SL1
Transportation Services	DTP

<u>Acquired Brain Injury Waiver</u>	<u>Service Code</u>
Chore Services (15 min.)	CH1
Family Training and Support (15 min.)	FS1
Homemaker Service	HS1
Respite (Level 1), unskilled (15 min.)	RP1
Respite (Level 1), unskilled (day)	RP1
Supported Living (15 min.)	SL1
Transportation (per mile)	DTP

<u>Physical Disabilities Waiver</u>	<u>Service Code</u>
Personal Attendant Care	PA1
Consumer Preparation	PA2

Persons with disabilities and their families ("Client") hire staff ("Employee") in accordance with Federal Internal Revenue Service ("IRS") and Federal and State Department of Labor ("DOL") rules and regulations (IRS Revenue Ruling 87-41; IRS Publication 15-A: *Employer's Supplemental Tax Guide*; Federal DOL Publication WH 1409, Title 29 CFR Part 552, Subpart A, Section 3: *Application of the Fair Labor Standards Act to Domestic Service*; and states = *ABC Test*).

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The fiscal agent is a private or public entity that is approved by the IRS (under IRS Revenue Procedure 70-6) to act as the client's intermediary for the purpose of managing employment taxes, including income tax withholding, FICA, FUTA/SUTA, and brokering/managing benefits, including worker's compensation and state disability insurance premiums (if applicable). The fiscal agent collects employment documents and verifies signatures from clients prior to distributing paychecks to the client's employees. The client remains the employer of record, retaining control over the hiring, training, management, and supervision of employees who provide direct care services.

Once a client is determined eligible for any of the above listed services and chooses to participate in Self-Administered Services, the DHS/DSPD Support Coordinator shall assist the client in the development of a Support Plan. The Support Coordinator shall assure that the client meets the Medicaid compliance requirements necessary to participate in this program. DHS/DSPD shall provide the client with choices for a fiscal agent. The client shall be referred to the Contractor once a selection is made.

The DHS/DSPD Support Coordinator shall give the Contractor a copy of the client's approved budget worksheet. It will indicate the client's total amount of authorized funds. The client will then be opened for a rate to cover the costs of issuing the employee wages and benefits, record keeping, reporting and conducting training of both its staff as well as training for clients. The authorized rate will include the Contractor's service charge.

The Fiscal Agent shall generate payments, withhold all required state and federal taxes according to IRS and DOL rules and regulations, and maintain accurate records of the client's current available funds. Clients receiving services from the Contractor are limited by their own budget. It is the responsibility of the Contractor to monitor the cutoff of the budget according to the allocation in the client's Support Plan, and to notify the client's Support Coordinator as the total annual budget allocation is approached.

The Support Coordinator shall monitor payments and assist in resolution of billing problems on a limited basis, if needed.

Population Served

The Contractor will serve children and adults currently receiving services from DHS/DSPD with mental retardation and related conditions, and adults age 18 and older with acquired brain injury or physical disabilities, as defined in Utah Administrative Code R539-1.
(<http://rules.utah.gov/publicat/code/r539/r539.htm>)

Contractor's Qualifications

Contractor shall have all applicable licenses as prescribed in Utah Administrative Code R501 to operate and provide the particular type of services being offered and comply with insurance requirements and any local ordinances or permits. A non-licensed contractor shall be certified by DHS/DSPD as an authorized provider of services to persons with disabilities in accordance with Utah Code § 62A-5-103.

Contractor shall be enrolled as an approved Medicaid Provider with the Utah Department of Health and agree to allow DHS/DSPD to bill Medicaid on its behalf for covered Medicaid services included in the

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rate paid by DHS/DSPD to the Contractor. Contractor shall also agree to participate in any DHS/DSPD provided Medicaid training.

In addition, the Contractor shall:

1. Retain on staff a Certified Public Accountant with at least five years of experience.
2. Obtain a Federal Employer Identification Number (EIN) by filing the IRS Form SS-4, *Application for Employer Identification Number*.
3. Have a basic understanding of developmental disabilities.
4. Understand the philosophy and practice of Self-Administered Services. Contractor staff must be trained in the principles of self-determination within one year of the effective date of this contract for current staff members or one year of the date of hire for new staff. Successful completion of the training must be documented in each staff member's personnel file.
5. Have sufficient funds necessary to make payroll at least twice monthly.
6. Maintain a Utah-based accounting department and/or customer service department with staff assigned to this office who reside within the State of Utah. This customer service department will be staffed with sufficient resources to allow operations between the hours of 9:00 AM and 5: 00 PM during normal business days, excluding legal holidays and will be available to assist persons who require assistance with regard to their Financial Management Service, either telephonically or in person through visits to the office.
7. Maintain a claims processing system that is Medicaid compliant as determined by the Bureau of Medicaid Operations. However, Contractor shall submit all claims for services under this code, including a breakdown of services paid by client and service code, to the DHS for payment.
8. Ensure that all staff pass a background investigation conducted by the Bureau of Criminal Identification (BCI), including a query of the National Crime Information Center (NCIC) in the case of staff who have resided outside the State of Utah for a period exceeding four (4) weeks during the past five (5) years. Contractor shall maintain the results of these background investigations in the personnel file of each staff member, and those that have been found to possess a criminal record involving crimes of fraud or finance shall be barred from employment in any service involving oversight of funds.
9. Additionally, the Contractor shall ensure that clients' employees submit to and successfully pass a background investigation conducted by the BCI, including a query of the National Crime Information Center (NCIC) in the case of employees who have resided outside the State of Utah for a period exceeding four (4) weeks during the past five (5) years. Contractor shall remind clients of the requirement pursuant to Utah Code § 62A-2-120 that necessary forms to complete background checks for employees are submitted by clients to the Background Check Coordinator at the DHS/DSPD State Offices within thirty days of hire. Contractor shall not process any payroll payments for employees who fail to submit to a background investigation within thirty days of employment, until such time as the employee submits to such a background investigation. The Contractor shall also ensure that a report is made to the Background Check Coordinator of DHS/DSPD

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regarding instances of any client or employee who fails to submit to a background check within 30 days of hire, or of an employee who fails to successfully pass a background check within 90 days of hire.

Staff Qualifications:

All staff shall demonstrate competency (in the services covered by the contract), as determined by the Contractor. In addition, all applicable education, and training shall be completed before the delivery of any supports to persons and performing any work for persons without supervision.

The Contractor shall ensure that Financial Management Services staff are trained in the applicable Staff Training Requirements as outlined in applicable Home and Community Based Waiver, rule, statute, and contract.

Professional staff shall be licensed and in good standing in their state of practice. Professional staff providing services in the State of Utah shall be licensed and in good standing according to the applicable license and standards of the Division of Occupational Professional Licensing.

Direct Service Requirements:

A. Person-centered Assistance

The Contractor shall assist clients in the following:

1. Verify that the employee completed the following forms, copies of which are maintained by the Contractor:
 - a. Form I-9, including readable supporting documentation (i.e. copies of employee's driver's license, social security card, passport). If fines are levied against the client for failure to maintain required documentation regarding employability, and the Contractor fails to maintain readable copies of the required documentation in support of clients, then the Contractor shall be responsible for all such fines.
 - b. Form W-4
2. Obtain a completed and signed Form 2678, Employer Appointment of Agent, from each client receiving services from the Contractor, in accordance with IRS Revenue Procedure 70-6.
3. Provide clients with a packet of all required forms when using a fiscal agent, including all tax forms (IRS Forms I-9, W-4 and 2678), payroll schedule, Contractor's contact information, and training materials.
4. Process and pay DHS/DSPD approved employee timesheets, including generating and issuing paychecks to employees hired by the client.
5. Assume all fiscal responsibilities for withholding and depositing FICA and SUTA/FUTA payments on behalf of the client. Any federal and/or state penalties assessed for failure to withhold the correct amount and/or timely filing and depositing, shall be paid by the Contractor.

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6. Assist employer in procuring benefits, including the processing of premiums (e.g., Workers' Compensation, health, life, etc.) and manage any withholding, when applicable.
7. Maintain a customer service system for clients and employees who may have billing questions or require assistance. The Contractor shall maintain an 800-number for calls received outside the immediate office area. Messages must be returned within 24 hours Monday thru Friday. Messages left between noon on Friday and Sunday evening shall be returned the following Monday.
 - a. Contractor must have capabilities in providing assistance in English and Spanish. Contractor must also have the capability to communicate through TTY, as needed, for clients with a variety of disabilities.
8. File consolidated payroll reports for multiple employers. The Contractor must obtain federal designation as Fiscal Agent under IRS Rule 3504 (Acts to be Performed by Agents). A Fiscal Agent applicant must make an election with the appropriate IRS Service Center via Form 2678 (Employer Appointment of Agent). The Contractor will, if required, comply with IRS Regulations 3306(a)(3)(c)(2), 3506 and 31.3306(c)(5)-1 and 31.3506 (all parts), together with IRS Publication 926, Household Employer's Tax Guide.
9. Obtain IRS approval for Agent status. The Contractor shall consolidate the federal filing requirements, and obtain approval for consolidated filing for unemployment insurance through the Department of Workforce Services.

B. Timesheet System

10. Contractor shall maintain a timesheet system that records the client's name and identifying number, the name of the employee actually rendering the service to the client, the date of each service, the type of service rendered on each date, and the employee's time of commencing and time of ending each service delivery. In the case of multiple services offered to the client on the same date, the timesheet shall specify both the type of service rendered and the time of commencing and ending the service delivery for each service rendered.
11. Contractor shall record timesheet information into an electronic database. The database shall maintain the same level of detail as is recorded on the timesheet submitted by the employer, including the name of the employee actually rendering the service, the date of each service, the type of service rendered on each date, and the employee's time of commencing and time of ending each service delivery. In the case of multiple services offered to the client on the same date, the database shall record both the type of service rendered and the time of commencing and ending the service delivery for each service rendered.
 - a. Summaries of timesheet information for each employee of every client must be approved by the DHS/DSPD Support Coordinator prior to

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payment to the employee. Contractor shall coordinate with DHS/DSPD in maintaining the timesheet approval process prior to payment.

- b. The system shall generate a summary report for the client detailing the number of units and dollar amount used during each pay period and the number of available remaining units as well as the total dollar amount remaining for the purchase of services. The system shall reconcile employee time to paid units on the client level.
- c. Contractor shall provide the client with training on how employees properly enter their time into the timesheet.

C. Payroll Support Request System

12. Contractor shall issue payroll on a semi-monthly basis to the client's employees. Contractor shall adhere to the processing guidelines listed below for the tenth and twenty-fifth of each month:

- a. Contractor shall issue a Pre-payroll Request for Approval to each client's Support Coordinator prior to DHS/DSPD's authorization of a payroll support request. This Pre-payroll Request for Approval shall include an accounting by client of the amount requested to be paid for each type of service rendered during the payroll period as well as obligations reasonably expected to occur during the current period, the number of units of each service delivered during that payroll period, and the amount the client has remaining in their annual budget to purchase additional services, specified by type of service.

D. Reporting Requirements

13. All reports must be in writing and maintained at the Contractor's place of business. The Contractor shall maintain a monthly and year-to-date summary of monies paid. DHS/DSPD reserves the right, at any time, to request these summaries for review and record audit.

Spending Summary Report

The Contractor shall ensure that the client does not authorize payment for employee payroll expenses in excess of their annual budget. The Contractor shall assist the client in managing available funds by issuing easy to read reports indicating remaining funds in each service and in total with each paycheck processed, entitled the Spending Summary Report.

The Contractor shall generate the following reports which shall be delivered to the client in writing in the case of **Reports a. and b.** (below), or to the DHS/DSPD Support Coordinator in writing in the case of **Report c.** (below) by the Contractor no later than the 15th day after the issuance of a payroll support request for the final payroll of each month:

- a. Client Spending Detail Report

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The report shall be mailed or otherwise provided to the client monthly and provide check-level detail, grouped by service, including summaries of account activity by day with budget variances. Details must be tied to the budget and the Spending Summary Report.

b. Case Load Summary

The report shall be mailed via U. S. Postal Service or e-mailed to DHS/DSPD regional offices monthly and shall summarize the spending history of each client receiving services. Information shall include, beginning allocations, fund transfers, ending allocations, actual expenses paid, the number of units of each service delivered identified by type of service, and current year-to-date totals as of the last date of payroll issuance including reasonably expected current obligations.

In addition, the Contractor shall issue the following reports to DHS/DSPD management:

c. Detail by Client

The report shall be submitted quarterly no later than the 15th day after the conclusion of each fiscal quarter to DHS/DSPD management and provide a year-to-date spending detail for each client. Information shall include, payment amounts, the number of units used, cost per unit, service dates, and service descriptions.

d. Detail by Employee

The report shall be submitted quarterly no later than the 15th day after the conclusion of each fiscal quarter to DHS/DSPD management and provide a year-to-date spending detail by employee. Information shall include client name, employee name, payment dates, amounts, service code, service date, and service description.

e. Current Employee List

Contractor shall issue to DHS/DSPD management each month, no later than the 15th day of the following month, a report listing all employees open during the preceding two payroll periods identified by the identification (ID) numbers of the client served. This report shall also contain a complete listing of the demographics and identifying information retained by the Contractor for each employee listed.

Reports specified as being issued to DHS/DSPD management shall be delivered electronically using Microsoft Excel or other agreed upon format via e-mail to: cabee@utah.gov.

14. Contractor shall submit to DHS/DSPD no later than the 15th of the month following the close of each fiscal quarter, copies of the quarterly report detailing the Federal employment tax filings as well as reports summarizing

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quarterly FUTA filings and annual SUTA filings for each employee to the Department of Workforce Services.

15. Contractor shall annually provide to DHS/DSPD management an electronic copy of each employee's IRS W-2 and W-3 forms. This submission shall be made no later than the 31st of March of the year succeeding the year being reported.

E. Quality Enhancement

16. Contractor shall develop a back-up plan for processing payment in the event the computerized system goes down for any period of time. The plan should ensure that payments are not delayed.
17. Contractor shall develop a system to prevent overpayment. Clients shall have access to current information regarding authorized amounts and authorized units, as needed. The Contractor shall maintain responsibility for reimbursing DHS/DSPD for any amounts disbursed in excess of authorizations given by DHS/DSPD.
18. Contractor shall develop a process to ensure that all timesheets are approved prior to payment and only current employees are receiving checks.

F. Training Requirements

19. The training requirements, as required by the FMS Service Description and the SOIQ, are as follows:
 - a. Contractor shall offer training to persons, their families and legal representatives regarding methods of interviewing, selecting and hiring staff, legal requirements for retaining and discharging staff, methods of staff supervision, and such other topics as are required, in the opinion of the contractor to assist persons to effectively self-administer their services; and,
 - b. Any information given to persons by the FMS provider to complete the paperwork for enrollment in FMS services would be considered training under this SOIQ.

Should the person, their family or legal representative require additional training beyond that which is routinely offered by the FMS provider, those services may be offered under a different service description and code, and would be offered by a provider other than the Financial Management Services provider.

G. Special Record Keeping Requirements

20. Contractor shall maintain current client and employee files on site of the business location. Files will contain the client and employee's personnel documentation, as applicable (i.e., Form I-9, Form W-4, copy of employee's driver's license, current address, work status, etc.).

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21. All records and reports, maintained by the Contractor in performance of their obligations under this service description, shall conform to a standard format prescribed by DHS/DSPD. This requirement shall pertain to records including but not limited to timesheets, pre-payroll requests for approval, client detail spending reports, caseload summary reports, detail by client reports, detail by employee reports, current employee lists as well as quarterly and annual FUTA and SUTA filings and any other reports required by DHS/DSPD. Reports not furnished in the format prescribed by DHS/DSPD will not be accepted by DHS/DSPD.

Special Requirements:

Contractor shall review the results of the annually conducted DHS/DSPD survey of satisfaction of Self-Administered Services (SAS) method participants and shall initiate a plan of corrective action in response to such a request from DHS/DSPD on areas of dissatisfaction reported by SAS enrollees it serves.

Limitation:

Contractor shall not provide clients with community-based services in addition to fiscal agent services. This is considered a conflict of interest.